PUBLIC RELATIONS JOURNAL

SEPTEMBER 1958 · 75 cents

Second

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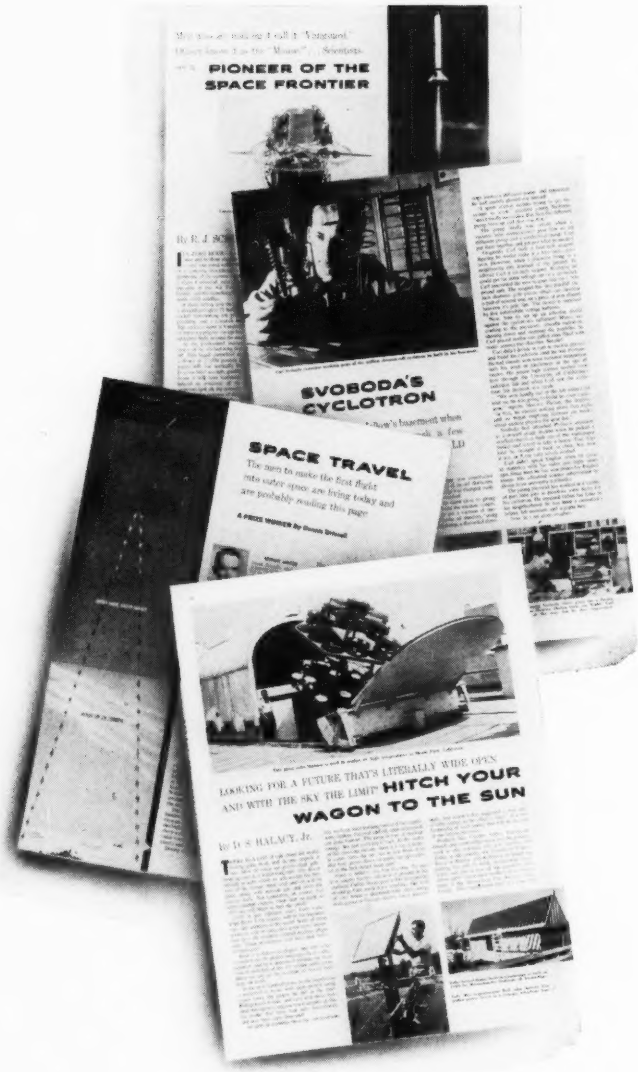

In the last four issues of BOYS' LIFE, articles on heliotechnology, advanced rocketry, a technical discussion of space travel advances written by a 15 year old aspiring scientist, and a report on the home construction of a million electron-volt cyclotron by an 18 year old reader, suggest the things that interest Boy Scouts today in their magazine.

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A JOURNAL OF OPINION IN THE FIELD OF PUBLIC RELATIONS PRACTICE

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Editorial

The Technical Literature of Public Relations: An Ambivalent Point of View

● One observation that may surely be made about the technical literature of public relations is that not much of it exists. This is to be deplored. Of that which does exist, some is considered to be first rate; some is not. This judgment depends, of course, on who is doing the judging.

The doctor, interested in a certain field, may read in his professional journals about the latest experiments and tests. The certified public accountant has access to much literature, ranging from analyses of Internal Revenue Service rulings to theoretical discussions of auditing standards. The architect can turn to more than one publication to find relevant observations on new design patterns. The teacher may find solace in a dozen magazines.

This is not so in the field of public relations. Perhaps there are three or four publications that are specifically concerned with the practice, though one must stretch imagination a bit to go that far. Why is this?

Some skeptics might argue that public relations people are not "real"; that "public relations" is a phrase that has no meaning, or too many meanings. The public relations man, it is sometimes said, is a publicity man, a promoter, a press agent, a hack writer, a handyman around the shop, a fellow who has "contacts," or someone who can occasionally pose as an "advisor."

Consequently, why should one suppose that "public relations" should have a literature of its own?

This is a rather absurd question, but then one may not abolish absurdity by denouncing it.

Back to technical literature. The fact that public relations people are not universally admired is no excuse for a lack of the basic literature which most professional forms of activity can display, and on which, to some extent at least, professional status must depend.

Take three areas in which public relations people are deeply involved: attitude research; the graphic arts; stockholder relations. There are others, of course, but take these three. How many articles or books or studies in such areas have been produced lately by public relations people? The answer seems to be: not many.

And yet, returning to ambivalence, the situation is far from hopeless. Those who are inclined to despair may reflect upon the fact that the public relations craft (profession, business, practice, art—check one) is certainly not more than thirty or forty years old, perhaps even younger. Compared to this fledgling, such arts as the law and medicine are antique. Small wonder that they have accumulated a body of literature.

This fact, however, does not relieve us from the obligation of building a body of professional literature. Some of this will presumably come from the universities and colleges, especially as their work in public relations becomes more mature. But a good deal of the literature needed should come directly from the practitioners.

What we do not especially need is the kind of "success story" which tells how the XYZ Society staged a terribly successful parade through "careful planning." Nor do we need speeches in which the speaker gravely states that management today has responsibilities to society. We particularly do not need material which establishes the fact (for about the millionth time) that public relations is "very important."

We do need: case studies which are objective and impartial—including failures as well as successes; material about new research techniques and the application of those techniques to problems; investigations into the developing relationships between traditional management functions and public relations functions; reports on the many studies being made in the universities (largely in the social sciences) which are of importance to public relations people.

There is more—much more—that we need if we are to build a body of professional literature.

The point here is not to describe pretentiously what this professional literature ought to be, but to make the point that we had better get at the job. ●

THE GREAT CHARITY DEBATE

Two Points of View, both involving Public Relations concepts, clash in the Campaign for the "Charity Dollar"

By Robert Riche

● By the end of 1958, voluntary health and welfare organizations in the United States, using the public relations skills at their command, will have collected upward of $6 billion from business firms and private individuals. Despite the high motives of the vast majority of the fund-raising organizations, *some* of their efforts inevitably will be aimed at questioning the activities and practices of *other* philanthropies.

The battle shaping up might be termed "The Battle for Your Charity Dollar," and it revolves around a controversy between two basic concepts of fund-raising; namely, whether (a) charity fund raising should be a once-a-year package deal, with many organizations participating in a giant "one-shot" appeal, or (b) whether *certain* voluntary national health agencies should maintain independence from other drives so as to be better able to intensify their attacks on dread diseases.

No public relations man can escape the questions; in fact, most corporate public relations men are usually involved in the problem.

It should be understood that *both* sides are in favor of the long established "Community Chest" type of fund drive on the *local* level. Proponents of the "one-shot" type of drive, however, want to include the local Community Chest needs into a package along with the needs of many other organizations, some of which insist that they should be independent of local drives.

There are various names for the "one-shot" drives. In some cities they are called United Funds; in others, Federated Drives. In some areas they are even referred to as Community Chest Drives, although in a strict sense of the definition they are much more than what are thought of as Community Chest Drives.

The battle rages

The battle between the United Fund organizations and the independent-minded national health agencies has already raised enough heat to singe more than one community.

The controversy is of particular interest to industrial and business firms. Called upon increasingly to help bear the burden of welfare and health needs by allowing "in-plant" solicitations of employees, management finds itself in the uncomfortable position of risking censure no matter what it does. As opposite sides in the fund-raising controversy square off, it becomes almost impossible to please everyone. Yet, to steer clear of all solicitations is to lay the company open to sharp criticism for shirking its responsibilities to the community.

Ironically, industry was one of the biggest causes of the problem. The United Fund movement is new, dating back to 1949. After World War II the national voluntary health agencies began spearheading attacks on diseases. Also, many local agencies began rushing independently to the public in a deluge of fund campaigns. Community needs for hospitals, churches, schools, brought another flood of capital fund campaigns. Colleges and universities entered the voluntary fund-raising field as never before. The effect of all this on industry was tremendous. As one executive put it: "We were besieged by a host of organizations asking for contributions and wanting to conduct campaigns in our plant. We had almost come to expect drum and tambourine meetings in our machine shops when we finally decided that it was time to substitute planning for chaos."

Henry Ford II conducted a survey in the Ford plants and was told that every time a collection was taken in a plant it cost the company about $40,000 in lost time.

It was this type of thinking that led to the first community-wide United Fund in Detroit.

The first United Fund

Headed by Frank R. Pierce, president of Dearborn Motors, Inc., the Detroit "Torch Drive" got under way in 1949. Along with business leaders, union officials endorsed the United Fund plan.

Thus, with top organizational brains behind it, with Hollywood movie actors and actresses helping to promote it, *Life*, *Newsweek* and *The Saturday Evening Post* all carried

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● ROBERT RICHE *is a free-lance writer for business organizations and public relations agencies. He is a former newspaper reporter and a former copy chief at a New York public relations agency.* ●

stories on the Drive. The upshot was that more than 80 per cent of the families in the Wayne County area contributed to the Drive, which succeeded in reaching 108 per cent of its quota.

The following year, four other cities adopted federated drives. They were Philadelphia, Flint, Kansas City, and Houston. By 1957, more than 1,000 cities had United Fund Drives.

Ray R. Eppert, recently elected president of the Burroughs Corporation, speaking before the Biennial National Conference of the United Community Funds and Councils of America last February, said: "It would be extremely difficult if not impossible to point to any other movement which has risen so rapidly from a ripple to the crest of success."

With the exception of the Infantile Paralysis Foundation, the national voluntary health agencies participated in some of the drives at first. If they were reluctant, they were at least willing to go along.

Rumblings of dissatisfaction, however, were heard early, and by 1952, the national bodies of the Red Cross, the American Heart Association, and the American Cancer Society were urging local chapters to maintain independence from United Funds.

In 1955, Cancer and Heart adopted a firmer policy—that no further entry into a community-wide fund raising federation could be made by local affiliates or chapters. Last November, the Cancer Society made the break. Following its annual conference in New York, it announced that all ACS chapters must remove themselves from United Funds by 1960. It was a major public relations move.

Sharp reaction

The reaction of delegates to the national conference of the United Community Funds and Councils of America was bitter. Speaker Eppert said: "The Cancer Society has ordered its chapters to withdraw from federation by 1960 or their charters will be cancelled . . . Where Cancer is included this year, we will be providing the Society money to fight federation and to strengthen their position prior to their withdrawal and attack in 1960. It is well to consider this when analyzing your local situation."

Granted the early successes of the United Fund, why have Polio, Heart, and Cancer all taken a strong stand on Independence? Many reasons are given, but the one that recurs most frequently is simply that the agencies feel they can raise more money—and thus spearhead more effective struggles against diseases—by going the fund-raising road independently. Undoubtedly, a great impetus to this theory has been the success of the Polio Foundation.

The basic disagreement

According to the Heart Association, its affiliates participating in *federated* funds during the 1956 campaign show an over-all median per capita contribution rate of 6.6¢. A study of reports from its affiliates conducting *independent* campaigns reveals a median per capita rate of 13.9¢.

The American Cancer Society reports that as of 1956 its gain in funds had increased 58 per cent since 1950, while 68 of its chapters in federated drives with records back to 1950 had increased only 18 per cent.

These figures do *not* impress spokesmen for the United Community Funds and Councils. Their figures indicate that the average United Fund raises about 19 per cent more in its first campaign than all participating agencies raised the previous year in separate campaigns.

The United Fund people point to the experience of the Heart Association in New Orleans. After it had turned down $93,000 from the New Orleans United Fund in 1957, it raised on its own only $50,000 out of which campaign expenses had to be paid.

What do all these figures mean? Are they really contradictory, and if so, whom is one to believe?

Both sides convinced

The important fact that one *can* seize upon in this controversy is that, regardless of figures, the independent-minded national voluntary health agencies *think* they can raise more money on their own; the United Fund people *think* that they can raise more money for the other agencies with Federation. This is at the heart of the disagreement between the two groups. Both groups are equally sincere and dedicated. Spokesmen for both sides claim that the last thing they want is an open cat-and-dog fight.

Despite a stated willingness to get along, however, other indications are that there will be sharp battles, and many persons will be drawn in from outside. Thus, the question arises: Is there no possibility of a compromise of some kind? Before looking into the answer to that question, perhaps it will be valuable to look again at the arguments of *both* sides.

1. *The United Fund states that it is a grass roots movement* initiated by the American people who are tired of being "campaigned to death" by a multiplicity of causes.

All these drives mean some annoyance to individuals, as well as to local plant managements. Public-spirited people are called upon to devote their energy to fund-raising of one kind or another. The successes of the United Fund Drives in many areas, spokesmen say, prove that they answer a genuine public need.

In reaction to this grass roots mood, the United Fund adds, several of the voluntary health organizations are demanding that their affiliates withdraw from United Fund Drives against the will of the local people. The United Fund cites examples of struggles between local affiliates who want to remain within federation and the national bodies of the Polio Foundation, Red Cross, Cancer Society and Heart Association.

The Independents reply to all of this by insisting that there is no grass roots revolt of the people. On the contrary, as in Detroit, they say that the United Fund concept is the brainchild of community leaders who first set up federated drives for their own convenience, then declare that they are the result of grass roots sentiments. The Independents cite examples where grass roots sentiment, far from supporting the federated concept, would seem to support the concept of independent agencies. In Buffalo, for in-

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stance, the American Heart Association withdrew from the United Fund, and raised $148,600 on its own. The year before, within federation, it raised only $54,500.

Finally, the Independents insist there is nothing "undemocratic" about the order calling for withdrawal of local affiliates from United Fund Drives. Policy decisions of the national organizations are decided at annual meetings by delegates from all over the country.

Taking the offense, the Independents have some charges of their own in connection with dictatorial methods. For one thing, the Independents cite examples where pressure has been brought to bear on local chapters of the national voluntary health agencies when they have resisted joining local United Fund Drives. They cite cases of "collusion" between industry and United Fund people to exclude the Independents from in-plant solicitations.

2. *The United Fund charges that the Independents are taking a narrow view towards community health and welfare needs.* The Independents are so wrapped up in their own causes, the argument goes, that they forget that the community has need of other services too.

The United Fund people point to other national organizations that have prospered within federation. For example, the Salvation Army and the Boy Scouts. Furthermore, it is pointed out that United Funds raised more than half of the Red Cross's $95 million quota last year. In some areas the Red Cross is in federation, and in some areas it is out.

The Independents reply in three parts: Firstly, the needs of the Boy Scouts and Salvation Army remain fairly constant in relation to the community, whereas the attack on dread diseases intensifies each year with the growth of greater public concern. The comparisons, therefore, are not valid.

Secondly, in regard to the Red Cross, in areas where quotas are not met through United Fund campaigns, the local United Fund units allow the Red Cross chapters to conduct independent campaigns to make up the difference, a right not given to the other national voluntary health organizations.

Thirdly, in regard to narrowness of view, the Independents reply that they are *not* unconcerned with the needs of communities on the local level. In fact, they agree that *local* health and welfare needs may best be met through federated drives. But, they add, a national campaign against any one of many diseases cannot be expanded successfully with the funds that are available from United Drives.

3. *The United Fund points out that it protects the community* from undeserving charitable organizations.

In reply to this point the Independents are outspoken. The greatest danger of the United Funds, the Independents say, is that the "depersonalization" of giving is weakening the incentive to give at all.

The Independents quote from a speech given by an executive at a recent conference of the United Community Funds and Councils. Addressing his remarks particularly to industry leaders, the executive blamed them for accepting "the protective shield of United Fund." He concluded by saying:

"If we were to carry this progression of unification to its ultimate manifestation, we would end up by concentrating the collection of philanthropic funds of all sorts in the Federal Government through some form of federal tax."

4. *The United Fund points out that in federation there is an equitable* distribution of funds. The budgets of the national organizations, on the other hand, bear little resemblance to actual needs, they charge. For example, the National Foundation for Infantile Paralysis raises 15 times as much as the National Association for Mental Health, although the incidence of mental illness throughout the country is incomparably greater than that of polio.

The Independents reply that the lack of funds going to the National Association for Mental Health is proof of why the national voluntary health organizations must function outside of the United Funds. The National Association for Mental Health has not begun to get the program off the ground, because it remains within the United Funds, the Independents charge.

5. *What the independent-minded national health agencies are after really,* charge the United Fund people, is glory and the building of Empires. The prestige the March of Dimes has been accorded due to the discovery of the Salk vaccine has opened up the horizon for a full-scale "race for glory" on the part of the other competing national voluntary health agencies. Furthermore, they add, now that the Salk vaccine has been found, why doesn't the March of Dimes go out of business?

The Independents reply that their business *is* to put themselves out of business. Although it is true that the Polio Foundation has not put itself out of business with the discovery of the Salk vaccine, it is pointed out that the organization devotes more of its funds to direct care of the sick than any other agency.

Final argument

As a final argument in defense of going the fund-raising road alone, the Independents point to the importance of their educational campaigns which must, of necessity, "get lost" in a federated drive. During its fund-raising drives, the Cancer Society publicizes the seven danger signals that cancer gives as it grows. The Society claims that prompt treatment of cancer in its early stages could save an average of 225,000 lives a year. According to a booklet distributed by the ACS to its members, however, wherever the Society has participated in federation "with some 50 other agencies, the all-important cancer story is too often lost."

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The constant 92¢ of the consumer's dollar

(How to keep getting your share)

Some reliable authorities have figured that in each of the last 20 years the U. S. consumer has spent at least 92 cents out of every dollar of income. (Except in World War II.)

Of course, there have been seasonal variations — and variations by parts of the country, but even in the first quarter of 1958, for instance, U. S. consumers as a whole spent just as much of their income as they did in 1957.

We point out this heartening fact in support of a recent statement by James M. Dawson, Vice-President and Economist of the National City Bank of Cleveland, "History does teach that consumers will spend their incomes for something, somewhere."

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One of the most effective forces for encouraging and increasing the consumer's historical, if sometimes latent desire to buy is advertising.

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TO GET YOUR SHARE

Advertising is not a panacea. But enough advertising consistently and wisely placed is one important step a manufacturer can take to assure himself of getting his share of what the consumer spends.

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Advertising—today's vital salesman

TIME INC., PUBLISHER OF LIFE, TIME, FORTUNE, SPORTS ILLUSTRATED, ARCHITECTURAL FORUM, HOUSE & HOME, INTERNATIONAL EDITIONS OF TIME AND LIFE

Possibility for harmony?

In the face of all this difference of opinion, is it still impossible to work out any kind of compromise?

Although on the national level compromise probably will be unlikely in the near future, there are very real opportunities for harmony on the local level. As a matter of fact, in some areas compromises have already been made.

Interestingly enough, as in the formation of the original United Funds, industry and labor have again begun to come up with the new solutions. Accepting the principle of a United Fund on the local level, and the right of the national voluntary health agencies to maintain their independence, companies in some areas have set up compromise federated in-plant solicitation plans allowing the employees to designate the charities of their choice. That is, although there is only one, or at most two, drives a year, the employee is allowed to designate on a pledge card the amount of his contribution that he wishes to allocate to each charity. In cities where a United Fund exists, the United Fund is included as *one* of the participating charities.

Results excellent

The results of such drives wherever conducted have been good. The Pratt & Whitney Company of Hartford, one of the pioneers in the compromise plan, reported: "Results in money paid to the various benefitting agencies has more than tripled in the first two years under this new program." Also reporting excellent results with similar plans are the Bulova Watch Company, Consolidated Edison Company of New York, the Westinghouse Electric Corporation, and the New York Naval Shipyard.

The most heartening result of all, however, is that spokesmen for the United Fund concept and the majority of the independent national health agencies are not hostile to the plan.

"It does show a healthy willingness to co-operate," a spokesman at the United Community Funds and Councils of America stated. "Will they stick with it, though?"

"We are definitely in favor of this kind of solution," a spokesman for the American Cancer Society said.

Yet, one ripple in the harmony of interests has already occurred. The Polio Foundation, which originally participated in several of these federated in-plant drives, recently announced that on principle it would no longer continue to do so.

Charity in the real sense

In any event, there are other evidences that compromise in a general way is possible between the proponents of the federated view and the independent view. For instance, a large New York advertising firm has had at one time as many as 19 people working voluntarily for the United Community Funds and Councils of America. Yet, the chairman of the board of the same ad firm is also chairman of the board of one of the largest of the independent national voluntary health organizations.

On a less spectacular level, a recent letter from the Philadelphia division of the American Cancer Society to the national office bears out the same harmonious point of view. It says: "As you know, while we withdrew from federation two years ago, we have enjoyed rather good relationships, not only with the United Fund Board and staff, but with media people as well . . . This, you will recall, is the City of Brotherly Love!" ●

". . . The events of the coming year will not be shaped by the deliberate acts of statesmen, but by the hidden currents, flowing continually beneath the surface of political history, of which no one can predict the outcome. In one way only can we influence these hidden currents—by setting in motion those forces of instruction and imagination which change *opinion*. The assertion of truth, the unveiling of illusion, the dissipation of hate, the enlargement and instruction of men's hearts and minds, must be the means."

John Maynard Keynes, THE ECONOMIC CONSEQUENCES OF THE PEACE Harcourt, Brace and Company, 1920, pp. 296-297

LIKE TOPSY, WE "JUST GROWED"

The Case History of a Public Relations Counselor

By William H. Baldwin

● In evaluating present-day public relations counseling and its future projection it is well to remember that it began in a Silurian age when formal education in journalism was in its infancy, public attitudes were measured in terms of wishful thinking, and counseling, as an aid to management, was virtually unknown, let alone taught. Yet the evolutionary span is such that a few of the early birds are still in active practice. Their case histories can contribute to an understanding of public relation's first probing roots; and at least some of them can correct two popular impressions: That press agentry provided the common parentage for today's public relations operations, and that press clippings provide the basic measurement of achievement in those operations.

One such case history started when the late Oswald Garrison Villard, then owner of the old *New York Evening Post,* offered me a job to start after graduation from college. I was a junior at Harvard and was completing the undergraduate course that June. As I wanted to graduate with my class (1913), the question arose as to what to do with the intervening year. My advisers unanimously agreed that anyone who had been educated in New England and was headed for a New York newspaper had best learn that there was more to the United States than the Eastern Seaboard.

A cure for parochialism

Charles McCarthy, who was no ventriloquist's stooge, had just written "The Wisconsin Idea" which was focussing attention on the university in Madison. So I went there with the privilege of taking graduate as well as under-graduate courses. It was a stimulating experience. Returning to Harvard for Commencement in June, 1913, I brought an indelible lesson. Many of the friends I made at Madison had "come East" to attend a university that I had first thought of as being in the tomahawk country! Although many years passed before I saw the Pacific, the Madison experience certainly broke through the curtain of Eastern parochialism.

Then came an unexpected chance for a year abroad. Introductions made England more than a surface for tourism, and letters from Mr. Villard to liberal political leaders in Germany led to impressions in depth. Undoubtedly this experience abroad laid the foundation for my later concern for tariff and world trade situations.

Importance of "ward work"

Back in New York in June, 1914, I was advised by Mr. Villard that he wanted me to start in the circulation department of *The Nation* (which he then also owned) after Labor Day. This was a disappointment; to get my mind off it I started working "for free" for the National Urban League. This was to become the first of a variety of non-profit activities which have absorbed a considerable amount of time and a modest amount of personal cash. Quite aside from the satisfactions they have brought *per se,* they have given me information and contacts which have definitely increased my ability to serve business clients in many key situations. This extra-curricular activity is akin to the ward work of a doctor and should be evaluated as such when one becomes restive as to the time factor.

For example, forty-plus years as a director and sometime officer of the National Urban League have developed an understanding of what can and cannot be done toward the improvement of interracial relations, South as well as North, and a know-how in making effectively available the labor pool represented by some 17,000,000 of our Negro citizens. Thirty-five years on the board of Fisk University in Nashville and fifteen on that of the Southern Education Foundation, based in Atlanta, have created a realistic and more hopeful appraisal of the Southland than that which one gets from reading about Little Rock and talking only to "professional" whites and Negroes—an understanding which has a direct bearing on plant and consumer market developments in that area. Nine years on a local school board opened a vista into prejudices, aspirations, roadblocks and action at the so-called grass roots level.

Six years on the board of a State

Continued on Following Page

• *A grandson of Samuel Bowles, Civil War editor of the* SPRINGFIELD REPUBLICAN, *Mr. Baldwin had his newspaper training on the old* N. Y. EVENING POST. *He was a Press Censor, USNRF, during World War I; served an apprenticeship in public relations under Thomas F. Woodlock, and established his own office in 1926. This has operated as Baldwin & Mermey since 1942* •

mental hospital and current service on that of the Silver Hill Foundation have brought direct contact with a serious problem at all levels in our society. Seven years as a director of the Foreign Policy Association provide an insight not only into world affairs but, more importantly, into the quality of the public attitudes and responses to the impacts of these affairs on our Nation. The experiences, the channels of communication and the friendships gained in these and other outside activities help to bring public relations thinking down from an ivory tower and into the realities of our complex life.

Off the deep end

Introduction to newspaper work was literally off the deep end of the dock: Two days after World War I broke out in Europe I was made shipnews reporter for the *Evening Post;* covering the flood of fugitive tourists became overnight the top local story. It led also to follow-up interviews, as, for example, with a passenger who had been attending a town-planning conference. This gave me my first exposure to what has become an important aspect of corporate community relations. In 1917, I enlisted in the USNRF and was assigned to the staff of Press Censor, New York, handling both incoming and outgoing news dispatches. The New York representative of George Creel had the adjacent office, thus giving us censors an insight into the beginnings of formalized governmental propaganda.

Switch to public relations

The switch to public relations started in 1919 through a three-year apprenticeship under the late Thomas F. Woodlock at American International Corporation which then managed a variety of enterprises including Hog Island, New York Shipbuilding Corporation, Pacific Mail Steamship Company and G. Amsinck & Company.

It is significant of that early stage in "public relations," that Mr. Woodlock never allowed the use of that phrase even on folders in our office files. He once remarked: "There are times, Bill, when the best public relations is silence—and very little of that!" He didn't mean to be taken literally, but the basic concept has stood me in good stead, notably in the early and hectic days of the McKesson & Robbins reorganization when the Federal Trustee, whom I served as counsel, resisted the temptation to rush into print and waited until he could report, rather than promise, constructive developments.

The A.I.C. experience ended in late 1922 when I was asked by the trustees of Fisk University to take over the raising of the first million-dollar endowment fund for a Negro college in the South. Money was obviously Fisk's target, but interpretation of the need in terms of improving race relations was the basic consideration. It included changing the famous Fisk Jubilee Singers from an itinerant band singing in private drawing rooms and then "passing the hat," into a concert group charging admission and seeking and getting artistic approval from the music critics. In the same spirit the first Carnegie Hall recital was successfully developed for Roland Hayes, a distinguished former student at Fisk.

Started office in 1926

After an interesting experience in commercial arbitration I decided to branch out on my own, and in June, 1926 I set up shop. During that first summer my extra-curricular activities proved a great comfort! One of them —the Committee of Fourteen of which Percy S. Straus was a fellow director—led to my being invited to head up "advertising and public relations" at Macy's, an offer I finally transmuted into retention as outside public relations counsel. This arrangement lasted for six years and paved the way for a continuing association with retail merchandising.

Introduction into the Macy picture was in terms of the Thanksgiving Day parade which had not become rooted into New York's traditions and was therefore sensitive to attack. This took the form of protests by certain patrioteering groups that the parade was an offense against a national and essentially religious holiday. Preparations for the parade had already been started. A look at the situation convinced me that, if parade time were changed from Thanksgiving Day morning when it was in competition with church services to the afternoon when the competition would be with football games, the opposition would flatten out.

Mr. Baldwin

This suggestion I made orally to Jesse Isidor Straus, the president of Macy's; he rejected it, saying that he already had a police permit for the forenoon parade and had signed up the several hundred participants for that time. I thereupon got in touch with the Rev. S. Parkes Cadman, then president of the New York Council of Churches, whom I knew as a fellow director of the Brooklyn Urban League. He agreed with my analysis of the situation. I then called on the Police Commissioner who knew "Mr. Percy" and me through the Committee of Fourteen's cooperation with his Department. He concurred. This time I reported more formally to "Mr. Jesse," and he assented. The change in time was publicised and the parade was held without further protest. My "ward work" has proven useful!

The field broadens

Meanwhile, clients were added from other fields. My academic interest in a liberal trade policy became practical and exciting when I was retained jointly by the Hershey Corporation and Coca-Cola Company to mobilize public opposition to a proposed "super-tariff" on refined sugar in 1929-30 when Congress was writing the Hawley-Smoot Act. This successful fight led to a succession of assignments on subsequent phases of the eternal Battle

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of the Sugar Bowl, involving hearings before Congressional committees, the Tariff Commission and other governmental agencies, and also to a series of national campaigns in support of extensions of the Trade Agreements Act. Initiation and development of a public relations program for International Nickel opened up an entirely different field with emphasis on science and technology. Retention by the Federal Trustee in the McKesson & Robbins reorganization brought problems in public hysteria and in relations with the medical profession. The first Crusade for Freedom called for other types of thinking.

Other clients have presented situations which may be classified as less "special," but the significant thing is that each such situation has its own complex of problems and opportunities that prevents any easy reaching for a stereotyped treatment. And it is interesting that the "stunting" associated with press agentry has played a very minor role in the development of effective programs.

Each operation has contributed to Topsy's growth both through the intake of information and impressions from the clients and their staffs and through the responses to the outgo of things attempted and achieved in the clients' behalf. It has been a matter of learning by doing—an educational process which cannot terminate short of retirement. And an equally important phase of this education occurs within one's office through the interplay with partner and staff, for this has obviously not been a one-man show. The synthesis of experiences and reactions among such a group working toward common goals provides the meat and potatoes as well as the multi-vitamins essential to growth.

Creating "dynamics quotients"

Supplementing this two-way education we pioneered and developed a project in attitude appraisal which gave us an insight into a unique phase of the American democracy. For two years we published a monthly, four-page newsletter which reported the activities of the non-profit citizen organizations concerned with public affairs. The information thus garnered we classified in a *master index* detailing the size, age and degree of activity of more than 150 key groups with an aggregate membership of 74,000,000, and a *catalog of attitudes* listing the positions they had taken on important issues. From these two files it was easy to establish a "dynamics quotient" on any issue from academic freedom to the wool tariff, which would show the impact for or against any given issue, and thus set the targets at which to direct informational programs.

"Recorded Portraits"

Now we are experimenting with a new approach to the never-ending challenge to improve management's communication with the special publics it wants to reach. Just as the interpretation of the "news behind the news" has become an important development in reporting in depth, the projection of the personalities behind top business leadership and its formal pronouncements offers a distinct improvement in the public's appraisal of what makes "Big Business" tick. To do this we have reached, in association with Arnold Michaelis, into the fields of entertainment and of the long-playing records for a tested technique to create "Recorded Portraits" of leaders in business, industry and organized labor. These are in no sense stereotyped interviews with the subjects; rather, they are the results of informal, unrehearsed conversations with the men in their own homes of an evening. Mr. Michaelis is adept at drawing out and capturing, in their own voices and with their natural emphases, the carpet-slipper, homespun quality of his subjects as contrasted with the usual stiff-shirt platform pronouncement. Heard thus, business leaders are no longer the shadowy or even menacing caricatures of the demagogues.

Epilogue

In the early days, the old-line newsmen greeted the graduates of the schools of journalism with amused contempt and sometimes with active hostility. Now formal preparation for a newspaper career is generally accepted and respected. Similarly the departments and schools of public relations are establishing stature in their special field. They are fortunately developing at a time when the schools for the older professions are increasingly aware that all education is based on a continuing study of the humanities; otherwise, our destiny will be pinned down by Lilliputian blue-print readers and journeymen. "Know-how" calls ceaselessly for the leaven of reflective and creative thinking, and the ward work of extra-curricular interests, responsibilities and exposures remains a "must" in keeping public relations counselors on course.

An editorial friend has commented that my title belies the content of this case history which, he says, reflects a considerable degree of planning. The choice of undergraduate courses and the election to go to Wisconsin were certainly planned, but the then objective was to carry on the family newspaper tradition. Even the work with Woodlock at A.I.C. was still a part of "just growing," else one would never have mounted Rosinante to tilt at Negro education. By the time I decided to resign as secretary of the American Arbitration Association and establish an office in public relations counseling it was too late to plan ahead; but the bits and pieces of past education and experience fell into a useful pattern.

Perhaps we can compromise by emulating the late F.D.R. and saying, in retrospect: "We planned it that way!" ●

PUBLIC RELATIONS HAS GONE TO PRISON

By Bill Dye and John Montgomery

● At one time, the press reported only the bad side of the prison scene: riots, escapes, and political scandals. There was a reason for this—no other information was available.

Today, things are different! By using simple good public relations measures, inmate writers have figuratively opened prison gates for the public.

With information, comes understanding; with understanding, acceptance. The public is now more readily accepting men who are paroled and discharged into their communities, and with this acceptance, many men are going on to become upstanding citizens.

Unlike the state parks and conservation departments, the Corrections Commission has no reason to advertise services. After all, what could be said? "Come to our prison—we have rehabilitation?"

Nevertheless, the public must be informed. The job falls to the inmate—who, after all, is the person that benefits most from good public relations. Specifically, it is the inmate writers, like ourselves, who act as the prison's public relations department.

Our methods are the simple, surefire result getters of all public relations operations—the reporting of valuable services rendered to society.

Value of good public relations

In the last few years, the inmates of the world's largest prison, the State Prison of Southern Michigan, have realized the value of good public relations between prisoners and the citizens of the world "outside." With this realization, the SMP inmate writers have made the road of the released prisoner much smoother as a result of their work.

Perhaps the most outstanding example of good public relations practiced by the inmate writers is the publicising of the American Red Cross Blood Donor Program at SMP.

For almost five years the American Red Cross has visited the prison six times each year to collect badly needed blood from prisoner donors. From the first, the inmates came forward eagerly, and without promise of recompense, to give blood. But now, the public-spirited desire to accept social responsibility is greater, with the realization that people outside are becoming aware.

Through objective news reporting the public was informed of the inmates' desire to help the society they felt they had wronged. As the blood totals mounted higher, it reached the point where the men of Southern Michigan Prison captured the title of "The World's Champion Blood Donors." Each drive made news, which informed the public about the prisoners.

When stories filed by the inmate writers broke into print in newspapers and magazines throughout the state, members of a local Veteran's organization, the Seabee's Veterans of America, read them with great interest. They recognized the good the prisoners were accomplishing. To show appreciation and acceptance of the men for their efforts, the organization presented the prisoners with a gold cup, appropriately inscribed: "The World's Champion Blood Donors."

Seeing the public relations angle, and at the same time wishing to inspire other prisons to greater blood contributions, the *Spectator* Staff, SMP's inmate newspaper staff, decided to put the title and trophy on the line—open to any prison in the country who could top their record in the leaky arm department.

The announcement was written as a news item and sold to newspapers and syndicates, getting nation-wide coverage. As was expected, the *Spectator*'s plan brought out the competitive spirit of convicts across the nation. Soon the Ohio State Reformatory claimed the coveted cup by beating the SMP record of 1127 pints over 100 pints. Their reign was short lived, however. A week later, the Michigan Reformatory conquered the champs by pumping out the staggering total of 1254 pints of blood.

At the last drive, the SMP donors set an all time high that will be prac-

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• Bill Dye is a native of Tennessee. John Montgomery is a veteran of the Korean conflict, United States Air Force. Both are residents of the State Prison of Southern Michigan, said to be the world's largest. In the present article they discuss various aspects of an enormously important social problem: how men who have been imprisoned can re-establish themselves in the "outside" world. •

tically impossible to top—1476 pints of blood in a single drawing. The trophy is now home to stay—they hope.

This public relations operation served two purposes: First, it increased the amount of blood in the Red Cross Blood banks. Secondly, it was the news the competition made. Each time the blood record was topped, it was news with a human interest. It enabled the citizens of free society to realize that the majority of men behind the walls of prison are still human beings.

Worthy causes

Many another worthy cause supported by prisoners has turned out to be effective as a public relations instrument. The March of Dimes annual collection drew over $2500.00—another record-breaking drive. This sum came from contributors whose average wage is only 15¢ a day. Yet the per capita prisoner donation exceeded the national per capita donation!

The Red Feather drive had similar results, and throughout the year the prisoners donate money to such causes as the United Negro College Fund, the Propagation of The Faith, Easter Seals—which are, by the way, folded and enclosed in envelopes by the prisoners for the entire Jackson County area.

Sammy Norber, one of the most active men in any worthy movement, and a member of the record-shattering March of Dimes Drive Committee, has just won the Dale Carnegie "Good Human Relations Award" because of his willingness to give unstintingly of his time and money in any cause. Sammy is typical of the calibre of men in prison who are responsible for the success of the prison public relations program.

Besides the money the men donate, they give of their time and talent to aid these charities. When a local Jackson radio station sponsored an all night marathon for the Muscular Dystrophy Fund, the inmates sent a tape of their best talent to help fill out the long hours between dusk and dawn. Incidently, the "DeeJay" responsible for the program was an SMP "graduate," who had been accepted in the community on his merit, because the citizens had a better understanding of men in prison.

A few years ago, this man's story would have been much different. He would have left the prison under the dark stigma of "ex-con." Now that the inmate writers have been informing the public of the intensive rehabilitation program carried on in present day prisons, and of the inmates' desire to become better citizens, much of this stigma has been removed.

The public is becoming more familiar with prisoners and their problems. Consequently, released convicts are finding public acceptance easier to earn.

In addition to publicising the good actions of the inmates themselves, the public relations program has brought many celebrities into the prison, either in person or by way of tape.

6,000 nephews

The lady with 6,000 nephews—all of them in prison—"Aunt" Ruby Jones, is the most popular of the prisoners' friends. Ruby is a U. S. O. Unit leader who had brought many shows into the prison to help the men increase the total pints of blood given. Each year, on New Year's Day and two or three times a year for the blood drives, she brings Detroit entertainers so that the men may know that their efforts are being appreciated. She has been so well received by the men at the prison that several letters have been written to TV producers, asking that she appear on their shows and tell her story. She has given much of her time and talents in order to make time a little more endurable for the prisoners.

The letters resulted in her being selected as a contestant on the "Big Pay-Off" show. When Ruby was on the show, she was asked about her 6,000 nephews and she told the audience what a warm, human bunch of fellows they were. This was good public relations for her 6,000 nephews.

Mickey Shorr, a Detroit TV and radio personality, came into the prison to emcee a show and he presented the first Clarence V. McGuire Award to Ruby Jones. This is a special award given to civilians who have rendered outstanding services in behalf of SMP inmates. This was a big story and appeared in several newspapers.

Mr. Dye

Rubinoff, the famous violinist, gave a concert for the inmates at SMP. He was so impressed by the men that he told the papers, "These men were the greatest audience I have ever played for."

An inmate violin maker was so impressed with the Maestro's music on his $50,000 "Strad" that he presented him with a hand made violin. Rubinoff played his gift and complimented its maker on the tone. Pictures of this and news stories were distributed as press releases to outside publications.

Mr. Montgomery

The variety shows presented in prison are most valuable. The free world performers mingle with the men, talk to them, and realize how human and likable they are in actuality. Every visitor from the "outside" is a potential public relations agent for the prisoners. They talk to their family, friends, and acquaintances about their impression of the prisoners they have met and liked. Their friends will more readily accept a released prisoner back into their community for this reason.

The Ground Observer Corps, the annual Christmas Toy Repair drive, donations of leather and hobbycraft articles to orphans and sick children, the baking and donating of cakes to downtown charities and many more are all the sort of worthwhile activities that make news and help build public awareness of men in prison.

Inmate DeeJays who write to outside DeeJays and keep them posted on the prison scene are doing a good job with public relations. It has resulted in many guests coming into the prison—and these guests have the vehicle to tell the public about what they saw there. An informed public is an accepting one.

Good public opinion is important to every company; it is absolutely essential to an organization that sells an intangible. There are no bright packages, no tricky gadgets, and the finished product of prison rehabilitation is not a thing, but a person—a morally reborn person going back to a new life in free society.

The five point Public Relations program carried out *in* prison includes:

1. The names of "ex-cons" who not only have left prison and "gone straight" but who have become well known and prominent citizens in the free world community.

2. The warden and other prison officials cooperate by taking active part in civic affairs and by effectively bringing attention to the good and noteworthy deeds "cons" render to the free world communities. They inform the public of the true facts of modern prison rehabilitation programs.

3. They notify the newspapers each time an individual "con" does something noteworthy or beneficent for society.

4. They have inaugurated a program to enlighten businessmen about the many talented—and competent—men who are eagerly seeking a chance to prove their dependability, and honesty, as well as their ability. These are handled as human interest features. Editors love them!

5. Realizing the whole story of prison and prisoners is a never ending parade of human interest, the prison public relations men continually seek and find stories for the press, magazines, radio and television. Some of these have resulted in important magazine and newspaper articles that have earned national prominence; and some of the inmate writers are so well established by now that newspapers and syndicates turn to them for information and comment on any prison topic.

These public relations policies used by inmate writers are applicable to any field. The inmate writers are publicising the service rendered to the public by prison inmates, just as a large corporation might publicize the service of its products.

After all, a prison's product is enlightened men, who have made a mistake, returning to the embrace of society. Their goal—to have society accept and understand their product.

Society is doing this! Men have gone out to jobs in business and industry. They have been accepted in the radio field as writers and production staff men. They have been admitted to colleges and have been given positions of trust. ●

The Public Relations of Corporate Separation

By Dudley L. Parsons

● The public relations of "merger" has had its due attention over the past few years; the communications side of "separation" has rarely been spelled out. When they do come, however, these divisions bring with them provocative problems, some of which are dealt with in the case history that follows.

Because it concerns an unusual organization, this instance is far from typical; yet because of the corporation's widely disparate audiences and their very divergent interests, it does point up a number of areas to be considered when an overt but friendly split occurs. We should note at once that because there were no outside stockholders in this case, we were not concerned with stockholder interests, nor were timing and judgment affected by the legal or stock exchange considerations ordinarily so prominent in a corporate divorce or "spin-off." In contrast, we were able to place first things first on the basis of considerations of public relations and communications.

A divided personality

Research Corporation, subject of this case, represented two radically different pictures to the people important to it. On one side, large utilities and industries saw it as a supplier of complex and expensive equipment that solved air pollution problems or recovered valuable by-products that otherwise literally went up the chimney. This is the manufacturing business.

On the other, scientists and institutions of higher learning saw it as a supplier of money for research in physics, chemistry, nutrition and engineering. This same audience also knew it as a manager of patents for colleges, universities and other institutions, as well as for a few individual inventors. This side of the organization is a charitable foundation.

In the manufacturing arena, Research Corporation competed for customer dollars with some giants in the industry, and competed successfully, to judge by its earnings and reputation. In scientific research and philanthropy, it also competed with some giants—in this case other foundations with far greater funds for grants. Here its competition was less fierce, because it had staked out for itself a largely neglected area: the budding research of young scientists that could be advanced by relatively few but well-placed dollars.

The ties between the two Research activities were partly historical and, because the foundation money came in large part from manufacturing, partly financial.

A scientist and entrepreneur

In its diversity, Research Corporation was following faithfully in the path set for it in 1912 by its founder, Frederick Gardner Cottrell, a man even more-sided than his creation. Cottrell was a scientist, an entrepreneur, a teacher and, not incidentally, a philanthropist.

Cottrell, the scientist, had invented a workable system of electrical precipitation to remove solid particles from gases. Cottrell the entrepreneur knew the potential value of his patents. Cottrell the teacher knew the problems of the young scientist trying to finance the earliest stages of research. Cottrell the philanthropist decided to do something about it.

The organization he founded was beautiful in its original simplicity. The income from his patents and others that like-minded inventors might contribute would be used as grants-in-aid for investigations in the physical sciences, particularly basic research, the hardest of all to finance because it requires the greatest skill to visualize and promises the least in the way of immediate results.

Shortly, however, a technological bug developed in the plan. Licensing the patents to industry carried with it no control over the engineering that could make or break an installation. To insure results for users of precipitation equipment, Research Corporation gradually took over the engineering function, then manufacturing, installing and servicing of the units. Research Corporation found itself with a business, not just income-producing patents. Thus began the dichotomy that years later led to the corporate separation.

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During these years, the manufacturing business had grown into a $2,000,000 plant in Bound Brook, N. J., where several hundred employees engineered and built the units. It had set up sales offices in New York, Pittsburgh, Chicago and San Francisco and spread its field force out across the world and in every major industrial area of the United States.

Grants for science

Meanwhile, the foundation activity, working out of its own headquarters in New York and field offices in the Midwest and West, had successfully placed over $8,000,000 in various promising researches. This money came from the manufacturing business and the licensing of patents. In making its grants, it had supported the work of more than 1000 young scientists whose proposals had survived the rigid screening process set up to assure that the grants dollars were spent where they had the greatest potential. Among its grantees were Ernest Lawrence, whose idea for a cyclotron was nourished into being with the help of Research grants, and Robert Woodward, who accomplished the synthesis of cortisone with similar aid a generation later. Research Corporation came to be known to scholars and scientists not for the munificence of its grants but for its ability to pick the budding scientists who could contribute to scientific knowledge.

Cottrell's scheme had paid off handsomely in terms of scientific contributions financed by the proceeds of his patents and those of others who later followed his precept. Yet it had become only too evident that the manufacturing business and the foundation activities were splitting the seams of the single corporate garment they wore.

When the separation idea, long talked about, finally began to take form, public relations counsel initiated plans to make the split not only painless but, if possible, profitable in public relations values.

The name problem

One of the first hurdles was the name. If a new name should be applied to the foundation activity, a major portion of the communications job would have to be done in the educational and scientific world. Established names such as Research Corporation Grants, the Research Corporation Annual Scientific Awards, Research Corporation itself, all had positive recognition in educational and scientific circles. A new name here would have definite disadvantages.

If the new name should go to the precipitation business, the bigger communications job would be in the industrial area. Here, there was commercial value in the name. Advertising, sales promotion, direct sales effort and, of course, the product itself had established the name as synonymous with quality, service and reliability. A new name would bring real problems here too.

As it developed, the decision was to retain the old name, Research Corporation, for the foundation activity and to call the manufacturing business "Research-Cottrell, Inc." While this was not a solution to the long-run public relations problem of avoiding the name "Foundation," it did ease the mechanics of the changeover. For the new name we had a more homogenous industrial group as our major audience. Furthermore, the advertising program of the manufacturing business was now available for use in helping solve a part of the communications problem in the name change.

There were sound reasons for the choice of the hyphenated name. It preserved the word "Research" and it capitalized on another meaning of the founder's name—this a recognized dictionary meaning for "cottrell" as an electrical precipitation device.

As the industrial group became the primary target, the scientific-educational audience seemed to warrant little special attention since it would be largely unaffected by the new name or the actual separation. All other audiences originally considered, however, remained: employees of the two activities, customers, suppliers and the plant community.

The first formal piece of communications was a written statement of the facts of the separation, the reasons for it and its effect on the interested

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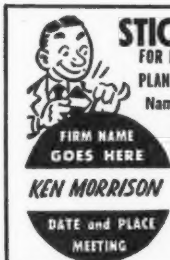

groups. Intended actually as a policy statement, this eventually took the form of a master news release upon which all subsequent communications, oral and written, would be based.

As the target date set for the separation drew closer, a program of communications and a tentative timetable were established with responsibilities assigned for each segment. Because of the possibility of misunderstandings among employees, it was decided that they should be notified directly—and first—by letters to their homes. Customers would be sent printed announcements and, in special cases, individual letters. Business publications and the New York and community papers would be given the entire master release, with the latter also receiving some strictly local data. Suppliers were to get announcements and letters where they seemed indicated. The house organ, which was to continue to be distributed to employees of both Research Corporation and of Research-Cottrell, Inc., would follow through with complete details.

Drafts were started of letters to all employees, giving the same basic facts as the master release, but each containing specifics appropriate to its audience. Because Research-Cottrell employees would be transferred, in effect, to a new payroll, they were to be given full assurance that their service, pension and other rights would not be affected in any way and, although there would be changes in top job titles, that there would be no basic changes in management personnel.

To repeat the background information and to fill in further detail for both employee groups, several collateral stories and items on the separation were scheduled for the issue of the joint house organ that would follow the public announcement. In addition to the major news story, again based on the master release, the issue would carry a capsule corporate history, a brief biography of the general manager of the manufacturing division who was slated to be the new president of Research-Cottrell, and lists of officers and directors of both Research and Research-Cottrell.

A printed announcement was prepared to present the new name for Research-Cottrell and to mark the election of the president. It was to be mailed to most customers and suppliers while certain others would receive individual letters from the sales manager or the purchasing agent, using material extracted from the master release.

As the planning went on, background and current information on the separation was fed to the personnel manager for quick use if needed to scotch rumors. When drafts of the various communications were completed, they were to be given to the personnel man as source material for bulletin board notices, memos or other messages to be released in the event misunderstandings developed. Similar data were to be given to salesmen and other key men who dealt with customers directly and to field men working at customers' plants.

A new logo was designed for Research-Cottrell advertisements, using the same layout and type faces as before, but linking the new name to Research Corporation during the transition period. New designs were prepared for letterheads and other printed materials received by customers, suppliers and others outside the company.

Dozens of other forms and communications were also listed for change, some immediately, others more leisurely. Among them were checks, sales literature, telephone and directory listings, engineering drawings and reports, bulletins, forms, plant signs and property identification signs.

While work was started on many of these projects early, the usual number of delays developed and for one reason and another the separation date was pushed farther and farther away. At each revision of the timetable our impatience was balanced by our gratitude for the extra working days.

Finally a hard date was fixed to coincide with the beginning of the new fiscal year. One week before, a memo —the last of a long series—went out to all hands with assigned functions to set dates, tasks and responsibilities day by day. All communications had been prepared and approved, ready for use after the meeting of the Board. The directors met as scheduled, made the myriad decisions required, created the new company, elected the new officers and made the separation an actuality.

One by one the communications were released according to the timetable. Letters to employees were mailed three days prior to the legal separation. Announcements and letters to customers and suppliers went out the day before. News stories were released on separation day. Current ads carried the new and old names in the logo and about the same time the first of the news items began appearing in the business papers. Two weeks later, the house organ was published with the complete of information.

Once started, the actual program of communications clicked along smoothly. The separation of Research Corporation from Research-Cottrell was quick and effective. Despite the multiplicity of detail and the possible areas of misunderstanding, no problems developed, no rumors started, remarkably few questions were asked. Apparently all the audiences had interpreted the separation correctly.

While a lot of plain hard work was involved, the reasons for the graceful changeover apparently were: an awareness of the interests of the different groups affected; a plan designed to meet the information needs of these groups; the whole-hearted cooperation of management with its outside counsel, a timetable that was flexible to the point required, then rigid. ●

THE CORPORATE FOUNDATION: A Practical Vehicle for Aid to Education

By Maxwell C. King

● It has been traditional for businessmen to "close their ranks" and "express concern" over what was "going on" in our colleges.

On the other side of the fence—and unfortunately, at times it is almost literally a fence—the people in our colleges and universities have tended to hold their own indignation meetings about business, particularly about what business is "failing to do" for higher education.

It would seem that, instead of pulling in different directions, business and education should come to a realistic and practical understanding about the role of the corporation in supporting higher education. It's not a *painful* process, but instead, a process which can be productive, once education and business decide to work together in common understanding.

Giving trend is up

Fortunately, there seems to be a trend in this direction—a trend which will be of help not only in the present situation, but will benefit future generations of American citizens.

• Most corporations no longer question the idea that they ought to give money to educational institutions. But there is still the problem of how to do it. Some months ago the JOURNAL *published an article on this subject by Kenneth Rose. In the present article, Mr. King suggests a specific approach. Mr. King is president of the Pacific Finance Corporation. •*

According to the latest Russell Sage Foundation survey, the national average for corporate giving is only about 1.24 per cent of net profits, although our Federal tax laws allow corporations a deduction of five per cent from net profits, before taxes, for gifts to tax-exempt organizations. In dollars and cents, this represents a potential of about *two billion dollars!*

Opinion surveys give support to such use of corporate funds. Opinion Research Corporation, of Princeton, tells us that 80 per cent of the general public approve, and about five per cent disapprove. Stockholders were 76 per cent for, and only 8 per cent against using corporate funds to support educational institutions.

Why corporate aid

But we must not forget that the head of a corporation has a primary responsibility to his stockholders. Corporate earnings cannot be disbursed willy-nilly. Rather, they must be prudently invested in well-selected philanthropic, educational and scientific organizations.

Corporate management, no matter how strong its sense of civic responsibility, still must receive a return on such investments, in terms of manpower, or better public relations, or increased community good will and a better acceptance of its products and services. Why, then, is the corporation, an organization dedicated to profit, willing to give any money away at all?

The businessman is, by and large, a practical man. He knows what his future manpower needs are going to be. He is aware of the predicted shortages over the next two or three decades. For these reasons, he is more than sympathetic to the problems facing our institutions of higher learning. Assuming that the corporation is willing to support aid to education, the question is, of course, how.

Two types of foundations

One way is the *corporate foundation*. This type of foundation is usually established as an entity, separate from the corporation itself, but closely allied with it and dependent upon it for funds. In many cases, it bears the name of the corporation. It can be organized in two ways—either as a trust or as a corporation. The *trust* foundation is formed by an irrevocable trust agreement. The company is the grantor or creator of the trust, and it is administered by personal trustees who are usually officers of the sponsoring company.

On the other hand, the *corporate* foundation, as a non-profit organization, is established somewhat like most business organizations, and must file a certificate of incorporation or charter under the laws of a chosen state. One principal difference between this type of foundation and the usual business corporation is that the non-profit corporation usually has members, rather than stockholders. These members elect directors—quite often interlocking with the officers and directors of the donor company—and they, in turn, appoint officers.

Both of these forms are popular. Of 141 companies studied by the National Industrial Conference Board, 85 adopted the corporate form and 56

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the charitable trust. Some favor the trust form because of the absence of requirements for annual meetings, appointment of officers, and the filing of various reports which are required under the corporate form. A trust is also the *quickest* means of setting up a foundation, since, among other advantages, the state usually is not involved in creating it.

Many companies, however, have chosen the corporate form of foundation because they are familiar with it as a framework for doing business and believe it has more flexibility than a trust.

The running of the foundation can be delegated to company personnel, or a trained manager may be hired—the latter course a decided advantage for the usual medium-sized company.

It is important to remember that the typical company foundation is a different matter altogether from the huge philanthropic institutions like Ford or Rockefeller. All of the large, earlier foundations were established by individuals out of their own personal wealth. This wealth was already accumulated and did not involve stockholders, or the maintenance of a profitable, going concern. The amount was also sizable enough to justify an independent administrative staff.

Advantages in the foundation

From the standpoint of the business, there are many advantages to a foundation over other forms of company aid to education. It enables the corporation to continue its educational responsibilities independent of the rise and fall of profits. During prosperous years, a company can contribute to the foundation up to five per cent of its income before taxes. The tax deduction is allowed at the time the funds are put into the foundation, even though the foundation may elect to hold them in reserve for distribution in subsequent years.

An example of this is a company which established a foundation some three years ago. During this three-year period, the company has enjoyed good returns, and has contributed some $150,000 annually to the foundation. Meanwhile, the foundation has disbursed only about $50,000 annually. With this growing reserve, the company could, in the event of lean profit years in the future, curtail or ease up for awhile on its contributions to the foundation, without disturbing the rate of giving established by the foundation. The college is thus permitted to carry on planned and long-range programs without much fear that it will have to cut them off in mid-stream during periods of low profit returns.

Many businessmen believe—and with good reason—that a company's giving program should not be dependent upon a temporary earnings position. It may often happen that when corporate funds are least available, requests are at their height. The foundation offers a way out of that problem.

The corporate foundation, too, offers certain tax advantages. Take the case of a corporation wishing to make a yearly contribution of $10,000 to its local university, irrespective of its annual profit picture. In 1955, when the company's profits were normal, it contributed $10,000. Net cost of the contribution, taking into consideration the 52 per cent corporate income tax, was $4800. But in 1956 it had a bad year with no net profits. Thus, from its committed annual contribution of $10,000, it realized no tax advantage whatever.

On the other hand, take the company with a similar profit situation in 1955 and 1956, which decided to use the *foundation* vehicle. In 1955, the good profit year, it contributed $20,000 to the foundation, which in turn disbursed $10,000 to the university in 1955 and 1956. Because the company contributed the whole amount to the foundation in the year when its profits were good, its tax savings were far greater than those of the first company.

Another tax advantage is that the income of the foundation is non-taxable. This is very important when you consider that as reserves are built

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up and residual funds are invested, the resulting income can materially strengthen the foundation.

Our tax laws can, of course, be modified to create significant changes in the favorable tax arrangements the foundation enjoys today. For example, the Department of Internal Revenue has already ruled that scholarships to children of employees are fringe benefits and not unrestricted direct aids to education.

Congress has the tax aspects of corporate foundations under constant surveillance. Our law-makers could seriously jeopardize the structure of the corporate foundation through tax legislation. There have been certain abuses of tax laws by some companies which used the foundation merely as a tax-savings device and not in the true spirit of corporate giving to education. Through some tax revisions, this situation has been remedied at the expense of those companies which, while also mindful of tax advantages, are wholeheartedly concerned about their responsibility to education.

Many other advantages

So, the tax advantages of the foundation should not be the *sole* reason for choosing this as a vehicle for corporate support to education. The foundation actually brings with it many other advantages. A foundation bearing the name of the company clearly establishes it as a good corporate citizen. And there is no better way to sell a corporation to the community than by demonstrating that it is fully cognizant of its obligations and that it is doing something about them.

The foundation also tends to result in a much better administration of the company giving program. The weaknesses of much corporate giving today include such approaches as "Sit back and wait," or "The old college tie," as well as pressure from clients and customers to favor their particular pet causes. The trained foundation manager, familiar with the problems of corporate giving, can develop long-range policies and plans, and insure the most effective use of the available funds. Such management does much to eliminate the rash of year-end giving which occurs in many businesses.

Classified Advertising

Positions Wanted

Individual prejudice and favor fade into the background when the foundation is charged with organizing the corporate program of giving.

All these reasons—independence from the rise and fall of profits—tax advantages—good public relations—better administration—point to the foundation as an ideal medium for corporate giving.

Disadvantages, too

There are some disadvantages, too, in the corporate foundation.

There is, first of all, the expense of management. If the foundation program is handled informally, the expense is negligible. If it is handled formally, it costs more. However, since the cost can be assessed to the non-taxable foundation, this disadvantage is considerably lessened.

Mr. King

Another possible deterrent is that the foundation becomes a target for all types of solicitation. The traffic to the front door of a foundation creates problems where keen assessment and discretion must be exercised.

Once in a while, stockholder misunderstandings arise about the foundation. This situation can be forestalled by keeping stockholders informed at all times about the role of the foundation, its relationship with the company, and how it benefits the company to assume responsibility toward education.

And the corporate foundation is believed by many businessmen to be the best type of corporate program for serving the needs of our colleges and universities.

Business has a big stake in our system of higher education. This is a point which should be emphasized again and again. Business cannot afford to be indifferent about education, since our business-industrial complex demands more and more college-trained manpower.

Business and education must strive to understand that they are actually linked to one another by a reciprocal stewardship—business to support higher education, and education to turn out an increasing number of trained graduates. ●

Letters To the Editor

The Editor:

Early this year a national Mass Communications History Center was established at the State Historical Society of Wisconsin, Madison. It is the first center in the nation dedicated to the collection and preservation of historic materials from all phases of mass communications.

The Center had an impressive beginning—it was launched with a symposium on the role of the modern commentator with guest panelists Quincy Howe, Louis P. Lochner, Austin Kiplinger and Gunnar Back.

It already holds significant collections of basic resource material from sucn leading mass media figures as Charles C. Collingwood, Robert S. Allen, Henry Cassidy, Joseph C. Harsch, Robert W. Sarnoff, Edgar Ansel Mowerer, Clifton Utley and many others.

The new Center was actually initiated in 1955 when Hans V. Kaltenborn contributed his massive personal and public files to the State Historical Society. Since then it has grown rapidly, encompassing, in its field of collection, radio, television, press, movies and public relations.

In public relations collecting, the Center has turned up a fact that appears to be unique in that field: many significant public relations trends today are being hammered out around the conference table, passed on via the telephone or word of mouth. As one public relations man commented recently, "Things just *trickle* down." Consequently, this creates something of a vacuum for the collector of the manuscript or typed document, the raw material of historical research.

Although sometimes hampered by over-zealous office staffs "housecleaning" back files (and thereby destroying much material that would benefit future historians and scholars), the Center is making steady progress in collecting material in the public relations field.

Contributed materials are carefully cataloged, filed and made immediately available to the writing and researching public. (Some collections, however, are placed under restriction by the donor for a certain time period.) The Center has become a rich depository for mass media history and scholarly research; new evaluations and sound assessments of our mass communications industry are expected to result from its establishment.

Of particular interest to the Center are the records and papers of public relations pioneers and basic background data on the development of the public relations profession. Also needed are materials from the field of publicity, public opinion measurement, advertising and influential public relations techniques.

Inquiries regarding the Center should be addressed to: Mass Communications History Center, State Historical Society of Wisconsin, 816 State Street, Madison 6, Wis.

Sincerely,

Patricia McGinnis
Director, Public Contacts
State Historical Society of Wisconsin

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